

Specialty License Plates
February 2003

Arthur A. Hayes, Jr., CPA, JD, CFE
Director

Deborah V. Loveless, CPA
Assistant Director

Diana L. Jones, CGFM
Audit Manager

R. Mason Ball, CPA, CGFM, CFE
In-Charge Auditor

Philip M. DeBusk, JD
Jennifer McClendon
Marcia Bright, CFE
Staff Auditors

Amy Brack
Editor

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 401-7897

Special reports are available on-line at www.comptroller.state.tn.us/sa/reports/index.html.
For more information about the Comptroller of the Treasury, please visit our Web site at
www.comptroller.state.tn.us.



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
Nashville, Tennessee 37243-0260
(615) 741-2501

John G. Morgan
Comptroller

February 18, 2003

The Honorable John S. Wilder
Speaker of the Senate
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
The Honorable Micheal R. Williams, Chair
Senate Committee on Transportation
The Honorable Phillip Pinion, Chair
House Committee on Transportation
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the special report on Specialty License Plates. This report was prepared pursuant to Chapter 876, Public Acts of 2002.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/dlj
03-016

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Special Report
Specialty License Plates
February 2003

OBJECTIVES

The objectives of the report were to determine the statutory requirements concerning specialty license plates and the Department of Safety's policies, procedures, and processes for administering the related program; to determine whether the fees collected for specialty plates offset the costs to the state for manufacturing and issuing such plates and administering the related program; and to determine the effect of the specialty license plate program on county clerks and the types and amounts of related costs the clerks incur.

OVERALL CONCLUSIONS

The number of specialty plates available provides the citizens of Tennessee with a wide variety of choices when selecting a license plate, but also results in problems for the Department of Safety and the county clerks' offices in administering the program and in issuing, storing, and tracking the plates. Administrative problems are worsened by eligibility requirements for some types of plates and by the variety of ways in which revenue from the different plates is allocated.

We were asked to determine whether the fees collected for specialty license plates offset the costs to the state for manufacturing and issuing such plates and administering the related program. Making such a determination was problematic because the Department of Safety and the county clerks' offices had never quantified all of their costs and because of difficulties in separating costs associated with regular license plates from costs specifically associated with specialty plates. We do believe that, overall, the fees for specialty plates, which are assessed each year during the plate's life (not just when the plate is issued) more than offset the state's costs for carrying out the program. However, in some years and for some types of plates (see next paragraph), the costs of carrying out the program are not covered before the revenues are allocated to the various funds or agencies (e.g., the Tennessee Arts Commission) outlined in statute.

Pursuant to *Tennessee Code Annotated*, the expense the Department of Safety incurs in designing, manufacturing, and marketing specialty and personalized plates should be recovered before revenues from plate fees are allocated to the various funds outlined in statute. Currently, \$4.00 per specialty plate

goes into the General Fund to fund the Title and Registration Division's budget appropriation. The \$4.00 amount was the department's estimate of costs and has been used since 1995. In the year a specialty plate is first issued, the \$4.00 covers the amount TRICOR charges Title and Registration to produce a license plate but does not cover the other costs of administering the specialty license plate program. In subsequent years, however, the \$4.00 continues to be deposited into the General Fund to offset costs, even though the per-plate cost for those years is most likely substantially less than \$4.00. When regular license plates are personalized, none of the revenues resulting from that personalization go into the General Fund. Therefore, all the costs of the personalized license plates are not being recovered before revenues are allocated to the Tennessee Arts Commission.

Statutes require that specialty license plate revenues be allocated to certain funds, depending on the type of plate. We were able to trace the amounts allocated to the different funds back to the revenue amounts submitted by the Department of Safety. We were not able, however, to confirm that the allocations matched the actual types of plates issued. The Department of Safety requires the county clerks' offices to submit quarterly license plate inventory reports to indicate the number and types of plates on hand. However, the department is currently unable to reconcile the number of plates that have been allocated to a county, the number of plates that have been issued, and the number of plates in inventory at a given time. Therefore, the department is not able to determine whether the county clerks' offices properly reported the types of license plates issued. For example, the clerk's office may issue an Agriculture specialty plate and incorrectly report it as a Radnor Lake specialty plate. In such a case, the department would receive the correct amount of money, but the money would not be allocated to the correct fund.

The majority of county clerks (or their staff) we interviewed believe that the \$2.50 per plate they retain from registration fees does not adequately cover their costs for issuing license plates. Most, however, had never before attempted to quantify their costs related to license plates, let alone those costs specific to specialty plates. There was general agreement among the clerks that issuing a specialty plate is more time consuming than issuing a regular license plate. The county clerks and staff identified three major problems. Two problems concerned the issuance of personalized plates. The offices do not always receive the personalized license plates by the 25th of the month (as the letter sent by the Department of Safety indicates), resulting in an extra trip for customers as well as extra staff time. Additional customer and staff time is also required when TRICOR makes an error personalizing a plate. Clerks also mentioned having problems since the Department of Safety no longer mails out the four-part license form to individuals. When the department routinely mailed out the form for renewal of a license plate, the clerk's staff only had to verify the accuracy of the information. Now the staff must spend additional time entering the information and printing out the four-part form during the renewal process. (See pages 13-14 for comments by Title and Registration management.)

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 401-7897

Performance audits are available on-line at
www.comptroller.state.tn.us/sa/reports/index.html.
For more information about the Comptroller of the Treasury, please visit our Web site at
www.comptroller.state.tn.us.

Special Report Specialty License Plates

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Purpose and Authority	1
Objectives	1
Scope and Methodology	1
ANALYSIS AND EVALUATION	2
Specialty License Plates	2
Department of Safety's Activities	2
TRICOR	3
County Clerks' Office Activities	5
Fees Associated With Specialty and Personalized License Plates	7
Costs Associated With Specialty and Personalized License Plates	11
Overall Conclusions	12
Recommendations	14
APPENDICES	15
A Authorized License Plates	15
B License Plates Issued	24
C Specialty Plate Fee Allocations	31
D Comments From County Clerks' Offices	36

SPECIALTY LICENSE PLATES

INTRODUCTION

PURPOSE AND AUTHORITY

This report on specialty license plates was conducted pursuant to Chapter 876 of the Public Acts of 2002. The legislation requires the Comptroller of the Treasury to review the Department of Safety's policies, procedures, and directives regarding specialty license plates. The report is to include "an analysis of the fees collected versus the costs of manufacturing, issuing and administering such special license plates, and an examination of the associated costs of special license plates, including the costs of county clerks in storage, handling and issuance of such special license plates."

OBJECTIVES

The objectives of this report were

1. to determine the statutory requirements concerning specialty license plates and the Department of Safety's policies, procedures, and processes for administering the related program;
2. to determine whether the fees collected for specialty license plates offset the costs to the state for manufacturing and issuing such plates and administering the related program; and
3. to determine the effect of the specialty license plate program on county clerks and the types and amounts of related costs they incur.

SCOPE AND METHODOLOGY

We reviewed the activities and procedures of the specialty license plate program, with a focus on fiscal year 2002. The information presented in this report was obtained through the following:

1. review of applicable statutes, policies, and procedures;
2. review of cost and revenue information and other program documents and information provided by the Departments of Safety and Revenue, as well as the Tennessee Rehabilitative Initiative in Correction (TRICOR) and county clerks;

3. interviews with county clerks and their staff and with officials from TRICOR and the Departments of Safety and Revenue; and
4. site visits to 15 county clerks' offices throughout the state and to the license plate manufacturing facility at West Tennessee State Penitentiary.

During our review we focused on cultural plates (which include personalized plates), specialty earmarked plates, and new specialty earmarked plates. We did, however, also include general information on numbers and types of special purpose and memorial plates. (See Appendix A for a listing of the specialty license plates included under each category.)

ANALYSIS AND EVALUATION

SPECIALTY LICENSE PLATES

In addition to the standard license plate issued by the state, Tennessee citizens can choose from a wide variety of specialty license plates, such as plates representing colleges and universities, special interest organizations, professional organizations, etc. Either the standard license plate or the vast majority of specialty plates can also be personalized using a combination of letters and/or numbers. Title 55, Chapter 4, Part 2, *Tennessee Code Annotated*, details the specialty license plates authorized by the General Assembly and the requirements that must be met before such plates can be issued, the additional fees charged for such plates, and how the additional fees are to be allocated. Prior to the initial issuance of a particular type of specialty license plate, a minimum number of orders for that type of plate must be received by the state. If that minimum order number is not met, or if future renewal numbers do not meet the minimum issue requirements, that specialty plate will become invalid.

Appendices A and C detail, for each type of plate, the authorizing statute, the minimum issue requirements, the additional fees charged, and the method of distribution of those additional fees. Legislation passed during the 2002 session (but not in effect until fiscal year 2003) authorized several new plates, and also increased minimum issue requirements for most plates and the fees for purchasing specialty license plates. Appendix B details the numbers of plates issued by county, as well as the numbers of plates (by type) issued statewide.

DEPARTMENT OF SAFETY'S ACTIVITIES

The Department of Safety's Title and Registration Division is responsible for administering the license plate program, including regular, specialty, and personalized license plates. When a new specialty plate is authorized, Title and Registration staff work with the organization(s) that requested the plate to get a plate design prepared and ensure that the plate meets minimum issuance requirements. The design process does not proceed until Title and

Registration has received lists of sufficient applicants for the plate to meet minimum requirements, as well as a check for the additional fees from the organization(s). After receiving the appropriate number of applications and the required fees, Title and Registration staff work with the 3M Company and TRICOR (see page 11) to prepare detailed plate samples. Once the plate design has been approved and finalized and staff from the Department of Finance and Administration's Office for Information Resources (OIR) have set up the plate in Title and Registration's computer system, Title and Registration staff order the plates from TRICOR. (At Title and Registration's request, OIR staff also remove from the system any plates that have failed to continue to meet minimum issue requirements.)

County clerks submit orders for regular and specialty license plates to Title and Registration's warehouse on an as-needed basis. Warehouse staff fill out a job order form and send the form to TRICOR's license plate facility. Individuals submit requests for personalized plates directly to Title and Registration. One person in Title and Registration's Nashville office processes all requests for personalized plates. She reviews each requested personalization to ensure no one else has the same plate and also checks to ensure the requested personalization is not offensive in nature and does not contain gang-related language. Once a month, she forwards the approved personalized license plate requests, sorted by county, to Title and Registration's warehouse. Warehouse staff submit a monthly job order to TRICOR, which manufactures the plates and delivers them to the appropriate counties. Title and Registration staff send a form letter to the individual informing him or her when to pick up the personalized plate at the county clerk's office.

Title and Registration receives an annual appropriation to fund its operation of the license plate program. In addition, approximately every five years, Title and Registration receives a budget improvement to issue new license plates. (Regular license plates are typically issued for a five-year period; the issuance period for specialty plates varies by plate, depending on the longevity of the design, etc.) Unexpended appropriations from the budget improvement are carried forward each year. At the end of the five-year period, however, any remaining appropriations revert to the General Fund.

TRICOR

The Department of Safety's Title and Registration Division has a contract with the Tennessee Rehabilitative Initiative in Correction (TRICOR) to produce license plates. The license plate facility is located at the West Tennessee State Penitentiary (WTSP) in Lauderdale County and uses inmate labor. The department's current contract with TRICOR began July 1, 2002, and the department pays TRICOR \$3.75 to \$4.00 for each specialty/cultural license plate.

According to the TRICOR license plate warehouse manager at WTSP, the facility receives a job order from Title and Registration, and TRICOR fills the order and ships the license plates to the appropriate county. The process is described in detail below.

License Plate Process

Placing a license plate order:

A county sends a license plate order to the Department of Safety, Title and Registration Warehouse. The warehouse staff complete the particular job order and forward the order to TRICOR at WTSP. If there is adequate inventory, the regular license plates and specialty license plates are filled from inventory. If there are not enough license plates to fill the order from inventory, TRICOR produces the plates and fills the job order. Any remaining license plates are placed into inventory at TRICOR. Orders for personalized regular license plates and personalized specialty license plates are submitted to TRICOR once a month. TRICOR produces the personalized plates and ships them to the appropriate county clerk's office.

Producing the license plate:

The license plates are made of aluminum that is purchased in large rolls. The aluminum is pulled off the roll and pulled through a container of warm water to make it easier to work with. It then goes through rollers to make sure the aluminum is flat. The next step is to apply the appropriate preprinted film to the aluminum. A machine then cuts the aluminum into plates and punches the holes into the plate. According to TRICOR staff, a roll of preprinted film, purchased from 3M Company, will make about 1,800 plates, and the facility will use the full roll of film because it is easier to store additional plates than to store partial rolls of preprinted film. License plates that are not used to fill orders are placed into inventory for later use. After the plates are cut out, they are stacked and sent to the section that stamps the appropriate letters and numbers into the plates. The embossed plates are taken to a conveyor belt and run through a machine that automatically paints the parts of the plates that are raised up after being stamped. The plates are then taken to an oven to bake on the paint. After the plates are dry, they are boxed and prepared for shipment or storage.

Shipping license plates:

When the job order for license plates is completed, TRICOR ships the plates to the appropriate county clerk's office using UPS, a TRICOR truck, or a commercial carrier.

Digital Production of Specialty and Personalized License Plates

TRICOR is in the process of installing new equipment that will digitally produce specialty and personalized license plates. The new process will allow TRICOR to produce specialty license plates on an as-needed basis instead of having to produce enough plates to use up a full roll of film from the 3M Company. Thus, the amount of space needed for license plate inventory will be reduced. The digital process will also improve TRICOR's efficiency in producing personalized license plates. The new equipment will allow TRICOR to store the license plate designs in a computer database and print any type of plate with the letters and numbers desired. According to TRICOR's License Plate Warehouse Manager, the equipment should be in place by April or May 2003.

COUNTY CLERKS' OFFICE ACTIVITIES

We selected fifteen county clerks' offices to visit and obtain information concerning the cost of storing and issuing license plates. The visits included five counties with populations less than 25,000, five counties with populations between 25,000 and 100,000, and five counties with populations over 100,000. (See Appendix D for a listing of these counties and the detailed comments from county clerks or their staff.)

The county clerks or staff interviewed indicated that the costs related to issuing license plates have not been looked at before, and therefore information was not readily available. Discussions indicated that labor is the major cost. There was general agreement that county clerks' staff dedicated about 90% of their time to issuing license plates to customers. There was also general agreement that issuing a specialty plate takes longer than issuing a regular license plate. However, none of the clerks interviewed could provide a breakdown as to the percentage of time staff spent issuing the different types of plates. As a result, the costs shown in Table 1 are the estimated costs for issuing all types of license plates, not just specialty plates.

In addition to labor costs associated with issuing specialty plates, there are also labor costs and storage costs that should be identified with maintaining license plate inventories at the clerks' offices. Some of the county clerks' offices had staff who were assigned license plate inventory duties, and therefore those clerks could estimate labor costs. For the other clerks, no breakdown was available or even estimated. Attempting to determine storage costs for specialty plate inventory was even more difficult since most clerks' offices are located in the county courthouses and there is no allocation for the cost of office space. License plate storage ranged from a filing cabinet secured in a walk-in safe to large storage facilities below the courthouse or branch office.

One of the larger offices visited provided a detailed description of the process of issuing the different types of license plates and indicated that the process should be the same for all counties. However, the amount of time will differ between counties because of variations in size. See page 40 in Appendix D for a detailed description of the process.

Table 1 indicates that, based on the clerks' estimates, their costs associated with issuing all types of license plates range from about \$0.05 (Sevier County) to \$9.25 (Lake County). As noted in the table, there is no consistency among the offices or the methodologies to estimate these costs. As one would expect, the counties that issue a larger number of plates (e.g., Davidson and Shelby Counties) have a lower estimated cost per plate because these counties are able to spread their costs over a larger number of plates. (See Appendix B for the numbers of plates issued by county.) The smaller counties such as Clay and Lake are not able to issue the same volume of plates, and thus their cost per plate is much higher.

Table 1

County Clerk's Offices: Estimated Cost to Issue All Types of License Plates, Registration Fee Revenue,
and Estimated Cost Per Plate
(Unaudited)

<u>County</u>	<u>Labor</u> (1)	<u>Estimated Annual Costs</u> <u>Inventory</u>	<u>Total</u>	<u>Total Number of</u> <u>License Plates Issued</u> (2)	<u>Registration</u> <u>Fee</u>	<u>Total</u> <u>Fee Revenue</u>	<u>Estimated</u> <u>Cost Per Plate</u>
Small Counties: Population less than 25,000							
Clay	\$63,000.00	\$1,320.00 (3)	\$64,320.00	8,914	2.50	\$22,285.00	\$7.22
DeKalb	88,200.00	Could not determine (4)	88,200.00	19,835	2.50	49,587.50	4.45
Humphreys	Not Available	Could not determine (4)	Could not determine	19,078	2.50	47,695.00	Could not determine
Lake	42,210.00	Could not determine (4)	42,210.00	4,562	2.50	11,405.00	9.25
Trousdale	51,000.00	Could not determine (4)	51,000.00	8,960	2.50	22,400.00	5.69
Medium-Sized Counties: Population between 25,000 and 100,000							
Carroll	80,894.00	Could not determine (4)	80,894.00	27,968	2.50	69,920.00	2.89
Giles	125,680.00	Could not determine (4)	125,680.00	28,191	2.50	70,477.50	4.46
Madison	276,574.00	Could not determine (4)	276,574.00	88,641	2.50	221,602.50	3.12
Sevier	3,570.00	Could not determine (4)	3,570.00	70,578	2.50	176,445.00	0.05
Weakley	139,830.00	Could not determine (4)	139,830.00	29,169	2.50	72,922.50	4.79
Large Counties: Population over 100,000							
Blount	429,893.00	Could not determine (4)	429,893.00	125,030	2.50	312,575.00	3.44
Davidson	975,580.00	58,957.00 (5)	1,034,537.00	630,358	2.50	1,575,895.00	1.64
Knox	Not Available	Could not determine (4)	Could not determine	378,689	2.50	946,722.50	Could not determine
Hamilton	1,652,284.00	50,075.00 (6)	1,702,359.00	394,622	2.50	986,720.00	4.31
Shelby	1,010,948.00	Could not determine (4)	1,010,948.00	675,498	1.50 (7)	1,013,247.00	1.50

Notes:

- (1) Labor cost is estimated as 90% of staff salaries. Except for Madison and Sevier Counties, county clerks' salaries are included in the small and medium-sized county figures because the county clerk is more involved in day-to-day activities. The county clerks in Madison and Sevier Counties have more staff and spend very little time actually issuing license plates to customers.
- (2) Total number of license plates issued includes all plates (commercial, passenger, handicapped, etc.). Source: Department of Safety Motor Vehicle Division Registration Statistics as of September 5, 2002.
- (3) County clerk rents office space and took square footage of storage area and applied percentage to monthly rent.
- (4) County clerks' offices located in county courthouse and could not determine cost for storage.
- (5) Cost of three staff assigned to license plate inventory duties.
- (6) Includes salary of Director of Inventory and cost associated with the security system.
- (7) Shelby County is only allowed \$1.50 from the \$24.00 registration fee while all other counties are allowed \$2.50 [TCA 55-6-104(1)(B)].

We were able to place only limited confidence in the cost information obtained from the county clerks because most had not considered cost information before, and there have not been any serious studies concerning the amount of time that is dedicated to issuing license plates.

FEES ASSOCIATED WITH SPECIALTY AND PERSONALIZED LICENSE PLATES

Specialty and Personalized License Plate Fees

Every individual who purchases a license plate (regular issue, specialized, or personalized) must pay a registration fee of \$24.00. As mentioned earlier, the county clerk's office receives \$2.50 of each registration fee. (Pursuant to Section 55-6-104(1)(B), *Tennessee Code Annotated*, Shelby County only receives \$1.50 per registration.) Table 2 indicates how the remaining \$21.50 is allocated to specific funds. If an individual desires to purchase a specialty plate, there is a \$25.00 fee in addition to the \$24.00 registration fee for a total amount of \$49.00. As shown in Table 2, \$4.00 of the specialty plate fee goes into the state's General Fund to fund Title and Registration's budget appropriation. Individuals may also personalize their specialty plate for an additional \$25.00 and pay a total fee of \$74.00, or they may personalize a regular license plate for \$49.00 (\$24.00 registration fee plus \$25.00 for personalizing the license plate). As of September 1, 2002, the fees for specialty and personalized plates were increased to \$35.00 each. These amounts do not include any city or county wheel tax that would be applicable in a particular county.

County clerks' offices collect the fees described above and on a regular basis send a report to Title and Registration indicating the number and type of license plates that were issued or renewed. The county clerk also sends the appropriate amount of money to cover the fees collected less the portion that remains with the county clerk's office. Title and Registration deposits the money into a Department of Safety contingent fund account. At the end of the month, Title and Registration prepares a journal voucher indicating the amount of money available for allocation and submits the voucher to the Department of Revenue. The Department of Revenue completes the journal voucher and sends the completed form to the Department of Finance and Administration's Division of Accounts, which transfers the money to the appropriate accounts.

In addition to the journal voucher, Title and Registration submits a monthly report to the Department of Revenue, indicating the number of different plates that were issued as new registrations or were processed as renewals. The report also gives a year-to-date number for each type of plate. Using this information, Revenue staff determines the total amount of money that should have been collected and reconciles this with the amount collected. Department of Revenue staff prepares a report that indicates how to apportion the money to the appropriate funds, based on statutory direction, and submits this report to the Department of Finance and Administration's Division of Accounts.

Table 2
Allocation of License Registration, Specialty Plate,
And Personalized License Plate Fees

License Registration Fee		\$24.00
Less:		
County Clerk		<u>(2.50)</u>
Total to State for Allocation		21.50
Less:		
Police Pay Support Fund	1.00	
Reflectorization Fund	1.00	
System Improvement Fund	1.00	
Trooper Safety Fund	<u>0.75</u>	
Special Allocations Deducted From	3.75	<u>(3.75)</u>
Registration Fee		
Net Revenue to the State From Registration		17.75
Fee		
Allocation of Net Revenue From Registration		
State Highway Fund – 98%		\$17.40
State General Fund – 2%		0.35
Specialty Plate Fee *		\$25.00
Less:		
State General Fund		<u>(4.00)</u>
Net Specialty Plate Revenue		21.00
(See Table 3 for description of fee allocation)		
Personalized Plate Fee*		\$25.00
(100% allocated to the Tennessee Arts		
Commission)		

* Specialty Plate and Personalized Plate Fees were increased to \$35.00 effective September 1, 2002.

Table 3 indicates the amount of money that was allocated in fiscal year 2002 to the different funds related to motor vehicle fees.

Table 3
Motor Vehicle Fees State Apportionment
Fiscal Year 2002

Description	Fiscal Year July 2001 – June 2002
Highway Fund	\$183,699,795.10
Police Pay Supplement Fund	4,649,270.00
Trooper Safety Fund	3,725,386.50
General Fund – Cost of M. V. Registration	2,900,000.00
General Fund	10,692,699.60
Olympic Committee Fund	8,492.00
Arts Commission	2,665,063.80
Arts Commission (Olympic)	8,492.00
Motorcycle Rider Safety	168,256.00
Department of Environment and Conservation: State Parks	341,670.00
Watchable Wildlife	325,512.00
Ducks Unlimited Fund: Environment and Conservation	112,056.00
Agricultural Development Fund	250,236.00
Tennessee Historically Black Colleges Fund (Sorority)	23,205.00
MADD Fund Tennessee Chapter	19,551.00
Great Smoky Mountains Endowment Fund	494,907.00
St. Jude Children's Cancer Research Endowment Fund	52,290.00
Children First Fund (Human Services)	118,335.00
Title & Registration (Systems Improvement Fund)	5,054,861.00
Animal Population Control Endowment Fund	137,067.00
UT National Championship Tag – Scholarship Fund	223,114.50
Radnor Lake – State Land Acquisition Fund	50,977.50
Sportsman's Wildlife – Sportsman's Wildlife Foundation	115,531.50
Fish & Wildlife – Wildlife Resources Fund	108,265.50
Le Bonheur Children's Medical Center	7,297.50
Department of Revenue: International Fuel Tax Administration	1,606,400.33
International Registration Plan	1,655,693.10
Alcohol & Drug Treatment – Department of Health	<u>2,219,294.58</u>
Total	<u>\$221,433,719.51</u>

Source: Tennessee Department of Safety

Examination and Recalculation of License Plate Fees Apportionment

As part of our audit of the 2002 *Comprehensive Annual Financial Report* (CAFR) for the State of Tennessee, we reconciled revenue amounts submitted by the Department of Safety with the revenue amounts deposited into the General Fund by the Department of Revenue. We also verified the amounts deposited by the Department of Revenue to the amounts transferred by the

Department of Finance and Administration's Division of Accounts to the appropriate fund accounts.

As part of our testwork, we examined and reconciled license plate apportionment amounts in three ways:

- 1) The total number of tags sold under each fund was multiplied by its respective price per tag. The number of tags and price per tag were obtained from the fiscal year 2002 monthly memos from the Department of Safety to the Department of Revenue. This method was used for the following funds: Police Pay Supplement, Trooper Safety, Olympic Committee, Motorcycle Rider Safety, Department of Environment/State Parks, Watchable Wildlife, Ducks Unlimited, Agricultural Development, Tennessee Historically Black Colleges, Mothers Against Drunk Driving (MADD) Tennessee Chapter, Great Smoky Mountains Endowment, St. Jude Children's Cancer Research Endowment, Children First, Title & Registration (System Improvements), Animal Population Control Endowment, UT National Championship, Radnor Lake, Sportsman's Wildlife, Fish & Wildlife, and Le Bonheur Children's Medical Center Funds.
- 2) Values from the Revenue Integrated Tax System (RITS) screen 509 less any applicable refunds were used to determine the Department of Revenue/IFTA, and Alcohol and Drug Treatment amounts collected.
- 3) Section 55-6-107, *Tennessee Code Annotated*, was used to recalculate the amounts for the Highway Fund and the General Fund. The statute specifies that the proceeds of taxes levied by chapter 4 of Title 55 shall be apportioned by a distribution of 98% to the Highway Fund and 2% to the General Fund.

The above amounts were adjusted for reversals and accruals to compute total amounts that could be traced to the State of Tennessee Accounting and Reporting System (STARS). According to the testwork performed, no significant problems were noted.

Although we were able to trace the amounts allocated to the different funds back to the revenue amounts submitted by the Department of Safety, we were not able to confirm that the allocations matched the actual types of specialty plates issued. The Department of Safety requires the county clerks' offices to submit quarterly license plate inventory reports to indicate the number and types of plates on hand. However, the department is currently unable to reconcile the number of plates that have been allocated to a county, the number of plates that have been issued, and the number of plates in inventory at a given time. Therefore, the department is not able to determine whether the county clerks' offices properly reported the types of license plates issued. For example, the clerk's office may issue an Agriculture specialty plate and incorrectly report it as a Radnor Lake specialty plate. In such a case, the department would receive the correct amount of money, but the money would not be allocated to the correct fund. According to Title and Registration staff, the new computer system currently being implemented will allow them to perform the necessary reconciliations, which they hope to begin when the next new issuance of license plates takes place (possibly in 2005).

COSTS ASSOCIATED WITH SPECIALTY AND PERSONALIZED LICENSE PLATES

According to Section 55-4-217, *Tennessee Code Annotated*, effective July 1, 1998, and all subsequent fiscal years, the Department of Safety is required to deduct the expense the department incurred in designing, manufacturing, and marketing specialty earmarked license plates prior to the allocation of the registration or renewal fees. Title and Registration explained that the department deducts \$4.00 per specialty plate prior to the allocation of the registration or renewal fee. This money goes into the General Fund and is used to provide money for the section's annual budget appropriation.

We identified costs above the \$4.00 license plate manufacturing costs that are not being recovered by the department. Table 4 lists additional costs that are above the manufacturing cost of the plate. (There may also be additional costs that did not come to our attention.) Title and Registration has a full-time employee who spends 40% of her time working with organizations that have been authorized by legislation to create a specialty plate. This time includes working on the design of the plate, answering questions from the organization, working with the 3M Company to produce the design, and ensuring that the Department of Safety's Highway Patrol officers are able to read the plate for identification purposes. The department must also pay the Office for Information Resources (OIR) \$2,500.00 to modify the computer program for each new specialty plate issued and for each specialty plate that is discontinued because it does not meet the minimum plate requirements. The department has a full-time employee assigned to processing applications for personalized plates. This employee reviews the personalized requests to determine whether the personalization is already issued, is offensive, or contains gang language. The department sends the individual a form letter indicating when to pick up the personalized plate at the county clerk's office. The department incurs a postage expense associated with the issuance of personalized license plates that has not been recovered. The department must also prepare a monthly report that is sent to TRICOR listing the personalized plates that are to be produced and where the plates are to be delivered. All of these costs can be traced back to specialized or personalized plates and would not be incurred if specialty or personalized plates were not issued.

Table 4
Costs Associated With Specialty and Personalized License Plates

Specialty License Plates

County Costs:		<u>Type of Cost</u>
Labor Costs	Varies (see Table 1)	Annual Costs
Storage Costs	Varies (see Table 1)	Annual Costs
Title & Registration Costs:		
License Plate (state's cost to manufacture plate)	\$ 4.00	Costs Per Plate
License Plate Design (40% of \$49,080.00) (1)	19,632.00	Annual Costs
OIR (one-time cost for new issue)	2,500.00	Each New Plate Issued
OIR (one-time cost to discontinue specialty plate)	2,500.00	Each Plate Discontinued
Title & Registration Warehouse Labor	Not applicable (2)	
Job Orders Sent to TRICOR (faxed)	Not applicable (2)	
License Transportation (\$0.10 per plate)	Not applicable (2)	

Personalized License Plates

County Costs:		
Labor Costs	Varies (see Table 1)	Annual Costs
Storage Costs	Varies (see Table 1)	Annual Costs
Title & Registration Costs:		
One full-time Title & Registration Employee	26,994.00	Annual Costs
Title & Registration Warehouse Labor	Not applicable (2)	
Postage for Form Letter to Individuals (21,245 plates x 0.37)	7,861.00	Varies with number of new personalized plates issued

Notes:

- (1) Title & Registration Director estimated that 40% of the Assistant Director's time in fiscal year 2002 was dedicated to working with organizations that requested specialty license plates including license plate design, paperwork, answering questions, etc.
- (2) Not applicable: These costs would be incurred whether an individual orders a specialized plate or not because the individual would still have to have a license plate.

OVERALL CONCLUSIONS

The number of specialty plates available provides the citizens of Tennessee with a wide variety of choices when selecting a license plate, but also results in problems for the Department of Safety and the county clerks' offices in administering the program and in issuing, storing, and tracking the plates. Administrative problems are worsened by eligibility requirements for some types of plates and by the variety of ways in which revenue from the different plates is allocated.

We were asked to determine whether the fees collected for specialty license plates offset the costs to the state for manufacturing and issuing such plates and administering the related program. Making such a determination was problematic because the Department of Safety and the county clerks' offices had never quantified all of their costs and because of difficulties in separating costs associated with regular license plates from costs specifically associated with specialty plates. We do believe that, overall, the fees for specialty plates, which are assessed each year during the plate's life (not just when the plate is issued) more than offset the state's costs for carrying out the program. However, in some years and for some types of plates (see

next paragraph), the costs of carrying out the program are not covered before the revenues are allocated to the various funds or agencies (e.g., the Tennessee Arts Commission) outlined in statute.

Pursuant to *Tennessee Code Annotated*, the expense the Department of Safety incurs in designing, manufacturing, and marketing specialty and personalized plates should be recovered before revenues from plate fees are allocated to the various funds outlined in statute. Currently, \$4.00 per specialty plate goes into the General Fund to fund the Title and Registration Division's budget appropriation. The \$4.00 amount was the department's estimate of costs and has been used since 1995. In the year a specialty plate is first issued, the \$4.00 covers the amount TRICOR charges Title and Registration to produce a license plate but does not cover the other costs of administering the specialty license plate program. In subsequent years, however, the \$4.00 continues to be deposited into the General Fund to offset costs, even though the per-plate cost for those years is most likely substantially less than \$4.00. When regular license plates are personalized, none of the revenues resulting from that personalization go into the General Fund. Therefore, all the costs of the personalized license plates are not being recovered before revenues are allocated to the Tennessee Arts Commission.

Statutes require that specialty license plate revenues be allocated to certain funds, depending on the type of plate. We were able to trace the amounts allocated to the different funds back to the revenue amounts submitted by the Department of Safety. We were not able, however, to confirm that the allocations matched the actual types of plates issued. The Department of Safety requires the county clerks' offices to submit quarterly license plate inventory reports to indicate the number and types of plates on hand. However, the department is currently unable to reconcile the number of plates that have been allocated to a county, the number of plates that have been issued, and the number of plates in inventory at a given time. Therefore, the department is not able to determine whether the county clerks' offices properly reported the types of license plates issued. For example, the clerk's office may issue an Agriculture specialty plate and incorrectly report it as a Radnor Lake specialty plate. In such a case, the department would receive the correct amount of money, but the money would not be allocated to the correct fund. According to Title and Registration staff, the new computer system currently being implemented will allow them to perform the necessary reconciliations, which they hope to begin when the next new issuance of license plates takes place (possibly in 2005). Title and Registration management emphasized the need for a statewide inventory of license plates and a system to track the issuance of different types plates by the county clerks, thereby better ensuring the accurate allocation of fees to the appropriate funds.

The majority of county clerks (or their staff) we interviewed believe that the \$2.50 per plate they retain from registration fees does not adequately cover their costs for issuing license plates. Most, however, had never before attempted to quantify their costs related to license plates, let alone those costs specific to specialty plates. There was general agreement among the clerks that issuing a specialty plate is more time consuming than issuing a regular license plate. The county clerks and staff identified three major problems. Two problems concerned the issuance of personalized plates. The offices do not always receive the personalized license plates by the 25th of the month (as the letter sent by the Department of Safety indicates), resulting in an extra trip for customers as well as extra staff time. Additional customer and staff time is also

required when TRICOR makes an error personalizing a plate. (According to Title and Registration management, the division was unaware that the personalized plates were not being shipped from TRICOR to the county clerks before the date reflected in the division's letter. Title and Registration will review the process to ensure the division's letter reflects the date the plates will actually arrive at the county clerks' offices.) Clerks also mentioned having problems since the Department of Safety no longer mails out the four-part license form to individuals. When the department routinely mailed out the form for renewal of a license plate, the clerk's staff only had to verify the accuracy of the information. Now the staff must spend additional time entering the information and printing out the four-part form during the renewal process. (According to Title and Registration management, three years ago the Office for Information Resources' mainframe impact printer that was used to print the 5 million renewal notices was replaced. The replacement printers no longer have the capacity to print the four-part notices. As a result, Title and Registration now sends two 8½ x 11 pages instead. This creates additional work for some of the county clerks, with most clerks simply throwing away the state's notice and printing their own. According to management, some counties threw away the Title and Registration document and printed their own renewal form even before the state changed its process.)

RECOMMENDATIONS

The Department of Safety should review its activities with regard to the specialty and personalized license plate program and identify all of its costs associated with all aspects (design, marketing, manufacturing, and general administration) of that program. The department should then quantify those costs and determine whether the \$4.00 deposited into the General Fund each year for each specialty plate is sufficient to fully cover all state costs of both the specialty and personalized license plates issued. The department also needs to consider revising its method for recovering the costs of the program, so that the costs of personalized plates, not just the costs of specialty plates, are accounted for before allocating revenues to the Tennessee Arts Commission.

The Department of Safety should continue its efforts to develop a system that will allow it to track the numbers of license plates by type allocated to each county, issued by the county, and in inventory at the county at a given time. This would help the department ensure that revenues from specialty and personalized license plates are appropriately apportioned to the funds or agencies specified by the General Assembly.

The Department of Safety should review the concerns identified by county clerks and their staff and work with the clerks to determine what actions could be taken to address their concerns.

Appendix A

Authorized License Plates

Cultural Plates

Authorized Prior to July 1, 2002

Tennessee Code Annotated 55-4-202(c)(5)

Design	TCA Authorization	Minimum issue	Registration (1)	Additional fee for plate	Total if not personalized	Fee to personalize	Total fee if personalized
Arts – Cat Plate	55-4-264	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Arts – Fish Plate	55-4-264	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Collegiate							
Penn State University Alumnus	55-4-247	100	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
University of Arkansas Alumnus	55-4-251	100	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
University of Florida Alumnus	55-4-250	100	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
University of Mississippi Alumnus	55-4-256	100	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Collegiate Plates issued as cultural plates prior to July 1, 1998, and collegiate plates administratively issued by the Department of Safety pursuant to TCA 55-4-210 (any two- or four-year in-state school; any four-year out-of-state school) (2)	55-4-210(b)	100	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Fraternal Order of Police	55-4-245	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Honorary Consular	55-4-202(c)(5)(K)	—	\$21.50	\$25.00	\$46.50	Personalization Not Available	N/A
International Order of Firefighters	55-4-260	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Knights of Columbus	Plate abolished						
Masons	55-4-202 (c)(5)(S)	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Military							
Combat Veterans	55-4-202 (c)(5)(U)(I)	500		\$35.00		No	
“Enemy Evadees”	55-4-243	—	\$28.00 initial \$21.50 renewal (3)		\$28.00 initial \$21.50 renewal	Personalization Not Available	N/A
Holder of the Purple Heart	55-4-239	(4)	\$25.50 initial		\$25.50 initial	Personalization	N/A
Honorably Discharged Veterans of the United States Armed Forces	55-4-253(c)(3)	(4)	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
Vietnam Veterans	55-4-253(c)(4)	(4)	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
World War II	55-4-253(c)(5)	(4)	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
Korean War	55-4-253(c)(6)	(4)	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A

Appendix A
Authorized License Plates
Cultural License Plates (continued)

Design	TCA Authorization	Minimum issue	Registration (1)	Additional fee for plate	Total if not personalized	Fee to personalize	Total fee if personalized
Operation Desert Storm	55-4-253(c)(7)	(4)	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
Peacekeeping Mission in Bosnia	55-4-253(c)(8)	(4)	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
Pearl Harbor Survivors	55-4-238	—	\$28.00 initial \$21.50 renewal (3)		\$28.00 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Active Forces, Army	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Active Forces, Air Force	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Active Forces, Coast Guard	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Active Forces, Marine Corps	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Active Forces, Navy	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Retired Forces, Army	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Retired Forces, Air Force	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Retired Forces, Coast Guard	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Retired Forces, Marine Corps	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Military, Retired Forces, Navy	55-4-244(b)	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Reserve Forces	55-4-242 & 244	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
U.S. Reserve Forces, Retired	55-4-242 & 244	500	\$25.50 initial \$21.50 renewal (3)		\$25.50 initial \$21.50 renewal	Personalization Not Available	N/A
Metropolitan Council	55-4-202 (c)(5)(V)	500		\$35.00		No	
Personalized Plates	55-4-211					\$25.00	
Police Benevolent Association	55-4-258	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Street Rod	55-4-230		\$21.50	\$50.00	\$71.50	Personalization Not Available	N/A
Tennessee Walking Horse	55-4-259	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50

Appendix A
Authorized License Plates
Cultural License Plates (continued)

Notes:

- (1) Annual registration fee is \$24.00. \$2.50 of that amount goes to the County Clerk. Net registration to the state is \$21.50. Shelby County is only allowed \$1.50 from the \$24.00 registration fee.
- (2) Collegiate plates currently include plates for the following 37 schools: University of Alabama, Austin Peay State University, University of Arkansas, Auburn University, Belmont University, Bryan College, Carson Newman College, Clemson University, Cumberland University, East Tennessee State University, University of Florida, Georgia Tech, Indiana University, University of Kentucky, King College, Lee College, LeMoyne-Owen College, University of Memphis, University of Mississippi, Mississippi State University, Middle Tennessee State University, Penn State, Purdue University, Tennessee Tech, Tennessee Wesleyan College, Trevecca Nazarene University, Tennessee State University, Tusculum College, Union University, University of the South, University of Tennessee Chattanooga, University of Tennessee (generic plate), University of Tennessee Knoxville, University of Tennessee Martin, University of Tennessee Memphis (plate abolished July 31, 2002), Vanderbilt University, Virginia Tech.
- (3) Intital fee includes a fee equal to the cost of actually designing and manufacturing the plates.
- (4) The minimum issue number for this group of military plates is 500.

Appendix A

**Authorized License Plates
Specialty Earmarked Plates
Authorized Prior to July 1, 2002
Tennessee Code Annotated 55-4-202(c)(6)**

Design	TCA Authorization	Minimum Issue	Registration (1)	Additional fee for plate	Total if not personalized	Fee to personalize	Total fee if personalized
African-American Fraternity or Sorority Members							
Alpha Kappa Alpha Sorority	55-4-261	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Alpha Phi Alpha	55-4-261	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Delta Sigma Theta Sorority, Inc.	55-4-261	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Kappa Alpha Psi	55-4-261	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Omega Psi Phi	55-4-261	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Phi Beta Sigma	55-4-261	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Sigma Gamma Rho	55-4-261	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Zeta Phi Beta	55-4-261	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Agriculture	55-4-267	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
CHILDREN FIRST!	55-4-273	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Ducks Unlimited	55-4-265	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Environmental	55-4-262	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Friends of Great Smoky Mountains	55-4-271	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Helping Schools	55-4-249	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Mothers Against Drunk Driving (MADD)	55-4-268	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Non-game and Endangered Wildlife Species or "Watchable Wildlife"	55-4-252	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Olympic	55-4-272	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Supporters of Saint Jude Children's Research Hospital	55-4-263	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50

(1) Annual registration fee is \$24.00. \$2.50 of that amount goes to the County Clerk. Net registration to the state is \$21.50.

Appendix A

Authorized License Plates
New Specialty Earmarked Plates
Authorized Prior to July 1, 2002
Tennessee Code Annotated 55-4-202(c)(7)

Design	TCA Authorization	Minimum issue	Registration (1)	Additional fee for plate	Total if not personalized	Fee to personalize	Total fee if personalized
Animal Friendly	55-4-290	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Fish and Wildlife Species-Bear	55-4-281	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Fish and Wildlife Species-Turkey	55-4-281	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Le Bonheur Children's Medical Center	55-4-302	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Radnor Lake	55-4-274	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
Sportsman	55-4-296	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
University of Tennessee Lady Volunteers' NCAA National Championships	55-4-295	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50
University of Tennessee National Championship	55-4-299	500	\$21.50	\$25.00	\$46.50	\$25.00	\$71.50

(1) Annual registration fee is \$24.00. \$2.50 of that amount goes to the County Clerk. Net registration to the state is \$21.50.

Appendix A

Authorized License Plates Special Purpose and Memorial Plates Authorized Prior to July 1, 2002

Tennessee Code Annotated 55-4-202(a), (c)1, (c)(2), (c)(3) and (c)(4)

Design	TCA Authorization	Registration (1)	Additional fee for plate	Total	Notes
Antique Motor Vehicle	55-4-111(b)(1)	\$26.75	---	\$26.75	One time fee.
Dealer	55-4-221		---		Not included in the scope of this audit.
Disabled	55-21-103 & 55-4-224	\$21.50	---	\$21.50	If owner is permanently and totally confined to a wheelchair, the \$21.50 registration fee is waived and the plates are free.
Hearing Impaired	55-21-151(f)(1)	\$21.50	---	\$21.50	
Emergency	55-4-222	N/A	\$25.00	\$25.00	
Amateur Radio	55-4-222 55-4-229	\$21.50	\$25.00	\$46.50	If the applicant is a member of emergency or rescue squad or ARES, the additional \$25.00 is waived.
Auxiliary Police	55-4-222(b)	\$21.50	\$25.00	\$46.50	
Civil Air Patrol	55-4-222(c)	\$21.50	\$25.00	\$46.50	
Civil Defense	55-4-222(c)	\$21.50	\$25.00	\$46.50	
Rescue Squad	55-4-222(d)	\$21.50	---	\$21.50	
Emergency Services Squad	55-4-222(e)	\$21.50	---	\$21.50	
Firefighter	55-4-241	\$21.50	---	\$21.50	
General Assembly	55-4-225	\$21.50	\$25.00	\$46.50	
Government Service	55-4-223				Not included in the scope of this audit.
Judiciary	55-4-226	N/A	---		
Supreme Court	55-4-226(b)	\$21.50	\$25.00	\$46.50	
Court of Appeals	55-4-226(b)	\$21.50	\$25.00	\$46.50	
Court of Criminal Appeals	55-4-226(b)	\$21.50	\$25.00	\$46.50	
Chancery Court	55-4-226(b)	\$21.50	\$25.00	\$46.50	
Circuit Court	55-4-226(b)	\$21.50	\$25.00	\$46.50	
Probate Court	55-4-226(b)	\$21.50	\$25.00	\$46.50	
Juvenile Court	55-4-226(c)	\$21.50	\$25.00	\$46.50	
General Sessions Court	55-4-226(d)	\$21.50	\$25.00	\$46.50	
Retired Judges of Courts	55-4-226(e)	\$21.50	\$25.00	\$46.50	
Elected Municipal Court Judges	55-4-226(f)	\$21.50	\$25.00	\$46.50	
Memorial	55-4-240				
Air Force Cross Recipient	55-4-236	Free	---	Free	
Disabled Veteran	55-21-106 55-4-237	See notes	---		First plate free, additional plates \$21.50.
Distinguished Service Cross Recipient	55-4-236	Free	---	Free	

Appendix A

**Authorized License Plates
Special Purpose and Memorial Plates (continued)
Authorized Prior to July 1, 2002
Tennessee Code Annotated 55-4-202(a), (c)1, (c)(2), (c)(3) and (c)(4)**

Design	TCA Authorization	Registration (1)	Additional fee for plate	Total	Notes
Former Prisoner of War	55-4-236	See notes	---		First 2 plates free, additional plates \$21.50.
Medal of Honor Recipient	55-4-236	Free	---	Free	
Navy Cross Recipient	55-4-236	Free	---	Free	
National Guard	55-4-228				
Enlisted	55-4-228	See notes	---		First plate free, additional plates \$21.50.
Officers	55-4-228	\$21.50	---	\$21.50	
Retirees	55-4-228	See notes	---		\$28.00 for initial issue, \$21.50 renewals.
Sheriff	55-4-227	\$21.50	\$25.00	\$46.50	
United States House of Representatives	55-4-222(a)(15)	\$21.50	\$25.00	\$46.50	
United States Judge	55-4-222(a)(16)	\$21.50	\$25.00	\$46.50	
United States Senate	55-4-222(a)(17)	\$21.50	\$25.00	\$46.50	

(1) Annual registration fee is \$24.00. \$2.50 of that amount goes to the County Clerk. Net registration to the state is \$21.50.

Appendix A

Authorized License Plates Newly Authorized Plates Authorized after July 20, 2002 Created by Chapter 876, Public Acts of 2002

Design	TCA Authorization	Minimum issue	Registration (1)	Additional fee for plate	Total if not personalized	Fee to personalize	Total fee if personalized
Cultural plates	55-4-202(c)(5)						
Harley Owner's Group (HOG)	55-4-234	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Silver Star Recipients	55-4-231	1000	\$21.50	\$35.00	\$56.50	Personalization Not Available	N/A
Bronze Star Recipients	55-4-231	1000	\$21.50	\$35.00	\$56.50	Personalization Not Available	N/A
Share the Road	55-4-233	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Technology	55-4-232	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Tennessee Valley Authority 70 th Anniversary	55-4-293	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
New Specialty Earmarked Plates	55-4-202(c)(7)						
City of Oak Ridge	55-4-283	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Civil Rights	55-4-254	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Eagle Foundation	55-4-280	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
East Tennessee Children's Hospital	55-4-270	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Friends of the Big South Fork National River and Recreation Area	55-4-285	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Kiwanis International	55-4-266	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Memphis Grizzlies	55-4-276	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Memphis Redbirds	55-4-269	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Memphis Zoo	55-4-248	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Memphis and Shelby County Humane Society	55-4-282	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Nashville Predators	55-4-277	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Nashville Zoo at Grassmere	55-4-288	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Proud To Be An American	55-4-278	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Public Television	55-4-291	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Retired Firefighters	55-4-292	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50

Appendix A

Authorized License Plates Newly Authorized Plates (continued)

Design	TCA Authorization	Minimum issue	Registration (1)	Additional fee for plate	Total if not personalized	Fee to personalize	Total fee if personalized
Rocky Mountain Elk Foundation	55-4-284	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Ruritan National	55-4-286	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Sons of Confederate Veterans	55-4-257	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
State Parks	55-4-289	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Tennessee State Guard	55-4-246	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Tennessee Titans	55-4-275	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Title VI	55-4-255	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
United For America	55-4-279	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50
Vanderbilt Children's Hospital	55-4-287	1000	\$21.50	\$35.00	\$56.50	\$25.00	\$81.50

(1) Annual registration fee is \$24.00. \$2.50 of that amount goes to the County Clerk. Net registration to the state is \$21.50

Appendix B

License Plates Issued by County as of September 5, 2002

County	Total	Specialty	Personalized		County	Total	Specialty	Personalized	
			Specialty	Regular				Specialty	Regular
Anderson	72,121	2,669	42	761	Lauderdale	19,424	910	15	189
Bedford	43,187	1,284	20	324	Lawrence	34,792	1,094	14	176
Benton	18,621	786	11	161	Lewis	11,021	284	4	81
Bledsoe	11,072	428	6	56	Lincoln	30,346	1,050	13	151
Blount	125,030	5,214	83	1,072	Loudon	40,809	1,622	29	498
Bradley	88,399	3,883	52	750	Macon	19,944	718	6	93
Campbell	34,705	889	8	183	Madison	88,641	4,079	70	1,075
Cannon	12,148	459	2	47	Marion	28,915	891	11	207
Carroll	27,968	1,073	19	201	Marshall	25,489	869	5	167
Carter	54,238	1,780	28	351	Mauzy	63,920	2,187	20	579
Cheatham	33,264	1,731	23	262	McMinn	50,570	1,737	43	335
Chester	14,348	408	9	163	McNairy	23,820	827	2	209
Claiborne	31,455	1,014	14	211	Meigs	10,891	281	4	72
Clay	8,914	343	2	41	Monroe	33,787	922	19	193
Cocke	35,364	1,813	8	238	Montgomery	124,151	2,652	52	1,281
Coffee	49,348	1,665	20	369	Moore	6,336	220	4	31
Crockett	11,098	441	4	85	Morgan	16,963	373	8	84
Cumberland	49,529	1,640	30	526	Obion	30,581	930	17	258
Davidson	630,358	15,899	356	4,799	Overton	18,075	579	2	102
Decatur	13,601	347	13	151	Perry	8,668	217	6	43
DeKalb	19,835	850	11	132	Pickett	5,861	140	1	29
Dickson	40,428	1,622	17	410	Polk	16,638	505	6	97
Dyer	32,717	1,447	13	285	Putnam	65,902	2,215	42	541
Fayette	29,412	1,442	16	272	Rhea	29,240	1,005	13	224
Fentress	15,829	451	14	137	Roane	45,465	1,694	19	446
Franklin	39,177	1,731	30	299	Robertson	52,020	2,315	15	439
Gibson	42,695	1,428	29	336	Rutherford	140,244	4,951	67	1,044
Giles	28,191	1,252	26	268	Scott	21,046	493	3	78
Grainger	21,188	435	5	127	Sequatchie	14,086	421	9	75
Greene	76,130	1,361	25	357	Sevier	70,578	4,670	100	944
Grundy	14,877	289	5	74	Shelby	675,498	23,049	449	7,357
Hamblen	55,919	2,094	25	536	Smith	16,956	738	12	155
Hamilton	394,622	11,715	270	3,810	Stewart	13,454	244	3	89
Hancock	5,947	80	3	24	Sullivan	165,500	5,596	64	1,643
Hardeman	22,829	825	9	207	Sumner	111,464	4,560	93	1,427
Hardin	26,455	720	12	242	Tipton	49,403	2,825	36	537
Hawkins	47,699	1,513	15	257	Trousdale	8,960	374	2	65
Haywood	15,219	736	5	133	Unicoi	20,304	851	2	83
Henderson	23,362	794	13	227	Union	16,115	410	5	80
Henry	30,897	782	12	254	Van Buren	5,234	133	1	44
Hickman	20,635	901	7	128	Warren	34,677	940	6	223
Houston	7,182	110	1	27	Washington	108,553	4,624	65	1,055
Humphreys	19,078	503	7	186	Wayne	15,621	592	3	103
Jackson	9,653	260	3	52	Weakley	29,169	1,174	6	256
Jefferson	40,014	1,227	23	243	White	24,715	784	9	154
Johnson	17,890	778	12	126	Williamson	114,528	6,762	140	1,510
Knox	378,689	15,139	295	3,787	Wilson	78,883	3,524	46	912
Lake	4,562	93	0	41	Others	<u>393,167</u>	<u>76</u>	<u>9</u>	<u>81</u>
					Totals	<u>5,478,594</u>	<u>192,282</u>	<u>3,214</u>	<u>49,121</u>

Appendix B

License Plates Issued Cultural Plates – Statewide Plate Styles Authorized Prior to July 1, 2002 Count as of September 5, 2002

Design	Basic Plates	Personalized	Totals
Arts – Cat Plate	5,208	129	5,337
Arts – Fish Plate	1,949	45	1,994
Collegiate			
University of Alabama	2,298	95	2,393
University of Arkansas	780	26	806
Auburn University	1,507	50	1,557
Austin Peay State University	211	7	218
Belmont University	137	4	141
Bryan College	49	3	52
Carson Newman	292	23	315
Clemson University	248	4	252
Cumberland University	145	14	159
East Tennessee State University	566	15	581
University of Florida	825	22	847
Georgia Tech	107	16	123
Indiana University	216	15	231
University of Kentucky	2,317	50	2,367
King College	101	3	104
Lee College	104	3	107
Lemoyne-Owen College	147	2	149
University of Mississippi	1,182	24	1,206
Mississippi State University	869	21	890
Middle Tennessee State University	702	17	719
Penn State University	156	3	159
Purdue University	231	4	235
Tennessee State University	825	48	873
Tennessee Technological University	653	24	677
Tennessee Wesleyan College	73	12	85
Trevecca Nazarene University	146	3	149
Union University	214	11	225
University of Memphis	1,567	76	1,643
University of Tennessee	7,612	350	7,962
University of Tennessee Chattanooga	186	7	193
University of Tennessee Knoxville	455	62	517
University of Tennessee Martin	178		178
University of Tennessee Memphis	30	10	40
Tusculum College	83	13	96
University of the South	410	3	413
Vanderbilt University	1,015	47	1,062
Virginia Tech University	318	17	335

Appendix B

License Plates Issued Cultural Plates – Statewide (cont.)

Design	Basic Plates	Personalized	Totals
Fraternal Order of Police	3,303	1	3,304
Honorary Consular	3		3
International Order of Firefighters	1,532		1,532
Masons	1,741	9	1,750
Knights of Columbus	2		2
Military			
“Enemy Evadees”	2		2
Purple Heart, No charge, Permanent	123		123
Purple Heart	4,181		4,181
Honorably Discharged Veterans	1,758		1,758
Vietnam Veterans	4,511		4,511
World War II	1,085		1,085
Korean War	943		943
Operation Desert Storm	1,789		1,789
Peacekeeping Mission in Bosnia	52		52
Pearl Harbor Survivors	109		109
U.S. Military	19,694		19,694
Personalized Regular Plates	49,202		49,202
Police Benevolent Association	529		529
Tennessee Walking Horse	9,490	75	9,565

Appendix B

License Plates Issued Specialty Earmarked Plates – Statewide Plate Styles Authorized Prior to July 1, 2002 Count as of September 5, 2002

Design	Basic Plates	Personalized	Totals
African-American Fraternity or Sorority Members			
Alpha Kappa Alpha Sorority	492	6	498
Alpha Phi Alpha			0
Delta Sigma Theta Sorority, Inc.	578	6	584
Kappa Alpha Psi			0
Omega Psi Phi			0
Phi Beta Sigma	106	4	110
Sigma Gamma Rho			0
Zeta Phi Beta			0
Agriculture	11,285	83	11,368
CHILDREN FIRST!	5,398	72	5,470
Ducks Unlimited	5,057	14	5,071
Environmental	14,703	457	15,160
Friends of Great Smoky Mountains	21,939	146	22,085
Helping Schools	4,446	71	4,517
Mothers Against Drunk Driving (MADD)	887	8	895
Non-game and Endangered Wildlife			
Species or “Watchable Wildlife”	13,755	104	13,859
Olympic	741	9	750
Supporters of Saint Jude Children’s Research Hospital	2,513	12	2,525

Appendix B

License Plates Issued New Specialty Earmarked Plates – Statewide Authorized Prior to July 1, 2002 Count as of September 5, 2002

Design	Basic Plates	Personalized	Totals
Animal Friendly	12,600	172	12,772
Fish and Wildlife Species –Bear	6,700	58	6,758
Fish and Wildlife Species –Turkey	3,628	25	3,653
Le Bonheur Children’s Medical Center	685	45	730
Radnor Lake	4,660	99	4,759
Sportsman	10,950	46	10,996
University of Tennessee Lady Volunteers’ NCAA National Championships	2,238	61	2,299
University of Tennessee National Championship	17,865	362	18,227

Appendix B

License Plates Issued Special Purpose and Memorial Plates – Statewide Plate Styles Authorized Prior to July 1, 2002 Count as of September 5, 2002

Design	Basic Plates	Personalized
Antique Motor Vehicle	22,317	
Disabled driver – no charge	2,336	
Disabled driver	100,468	40
Disabled driver, confined to wheelchair		1
Hearing Impaired	86	
Disabled Veteran w/ Wheelchair	6,874	
Disabled Veteran w/ Wheelchair w/fee	70	
Disabled Veteran w/o Wheelchair	1,226	
Emergency	8,651	
Amateur Radio	4,660	
Rescue Squad – officials	13	
Rescue Squad	2,677	
Firefighter	14,169	
Rural Volunteer Fire Department	1,468	
General Assembly – Senate	55	
General Assembly – House	155	
Judiciary	289	
Supreme Court	201	
Memorial		
Former Prisoner of War – no fee	1,225	
Former Prisoner of War – fee	5	
Medal of Honor Recipient	6	
Legion of Valor	35	
National Guard		
Enlisted (additional)	1,916	
Enlisted	8,332	
Officers	787	
Retirees	407	
Sheriff	27	
United States House of Representatives	1	
United States Judge	35	
United States Senate	1	

Appendix B

License Plates Issued Newly Authorized Cultural and New Specialty Earmarked Plates Created by Chapter 876, Public Acts, 2002

Cultural Plates

Harley Owner's Group (HOG)
Silver Star Recipients
Bronze Star Recipients
Share the Road
Technology
Tennessee Valley Authority 70th Anniversary

New Specialty Earmarked Plates

City of Oak Ridge
Civil Rights
Eagle Foundation
East Tennessee Children's Hospital
Friends of the Big South Fork National River and Recreation Area
Kiwanis International
Memphis Grizzlies
Memphis Redbirds
Memphis Zoo
Memphis and Shelby County Humane Society
Nashville Predators
Nashville Zoo at Grassmere
Proud To Be An American
Public Television
Retired Firefighters
Rocky Mountain Elk Foundation
Ruritan National
Sons of Confederate Veterans
State Parks
Tennessee State Guard
Tennessee Titans
Title VI
United For America
Vanderbilt Children's Hospital

Appendix C

Specialty Plate Fee Allocations Cultural Plates Authorized Prior to July 1, 2002 *Tennessee Code Annotated 55-4-202(c)(5)*

	Distribution	
	Tennessee Arts Commission	State Highway Fund
Arts – Cat Plate	100%	-
Arts – Fish Plate	100%	-
Collegiate		
Penn State University Alumnus	80%	20%
University of Arkansas Alumnus	80%	20%
University of Florida Alumnus	80%	20%
University of Mississippi Alumnus	80%	20%
Collegiate Plates issued as cultural plates prior to July 1, 1998, and collegiate plates administratively issued by the Department of Safety pursuant to TCA 55-4-210 (any two- or four-year in-state school; any four-year out-of-state school)	80%	20%
Fraternal Order of Police	80%	20%
Honorary Consular	80%	20%
International Order of Firefighters	80%	20%
Masons	80%	20%
Metropolitan Council	80%	20%
Personalized Plates	100%	-
Police Benevolent Association	80%	20%
Street Rod	80%	20%
Tennessee Walking Horse	80%	20%

Appendix C

Specialty Plate Fee Allocations Specialty Earmarked Plates Authorized Prior to July 1, 2002 *Tennessee Code Annotated 55-4-202(c)(6)*

	<u>Agency/Fund 100% Distribution</u>
African-American Fraternity or Sorority Members	
Alpha Kappa Alpha Sorority	Tennessee Historically Black Colleges Fund
Alpha Phi Alpha	Tennessee Historically Black Colleges Fund
Delta Sigma Theta Sorority, Inc.	Tennessee Historically Black Colleges Fund
Kappa Alpha Psi	Tennessee Historically Black Colleges Fund
Omega Psi Phi	Tennessee Historically Black Colleges Fund
Phi Beta Sigma	Tennessee Historically Black Colleges Fund
Sigma Gamma Rho	Tennessee Historically Black Colleges Fund
Zeta Phi Beta	Tennessee Historically Black Colleges Fund
Agriculture	Agricultural Development Fund
CHILDREN FIRST!	Children First Fund
Ducks Unlimited	Ducks Unlimited Fund (Commissioner of Environment and Conservation)
Environmental	Department of Environment/State Parks
Friends of Great Smoky Mountains	Great Smoky Mountains Endowment Fund
Helping Schools	Stays with individual counties to be allocated to designated school or school system
Mothers Against Drunk Driving (MADD)	MADD Fund Tennessee Chapter of Mothers Against Drunk Driving
Non-game and Endangered Wildlife Species or "Watchable Wildlife"	Watchable Wildlife
Olympic	50% - Olympic Committee Fund 50% - Arts Commission (Olympic)
Supporters of Saint Jude Children's Research Hospital	St. Jude Children's Cancer Research Endowment Fund

Appendix C

Specialty Plate Fee Allocations New Specialty Earmarked Plates Authorized Prior to July 1, 2002 *Tennessee Code Annotated 55-4-202(c)(7)*

		Distribution	
	<u>Agency/Fund 50% Distribution</u>	<u>Tennessee Arts Commission</u>	<u>State Highway Fund</u>
Animal Friendly	Animal Population Control Endowment Fund	40% *	10%
Fish and Wildlife Species	Wildlife Resources Fund	40% *	10%
Le Bonheur Children's Medical Center	Le Bonheur Children's Medical Center	40% *	10%
Radnor Lake	State Land Acquisition Fund	40% *	10%
Sportsman	Sportsman's Wildlife Foundation	40% *	10%
University of Tennessee Lady Volunteers' NCAA National Championships	University of Tennessee Scholarship Fund	40% *	10%
University of Tennessee National Championship	University of Tennessee Scholarship Fund	40% *	10%

* Distributed 1/3 to urban counties and 2/3 to rural counties.

Appendix C

Specialty Plate Fee Allocations Newly Authorized Cultural and New Specialty Earmarked License Plates Authorized after July 20, 2002 Created by Chapter 876, Public Acts of 2002

		Distribution	
		<u>Tennessee Arts Commission</u>	<u>State Highway Fund</u>
Cultural Plates			
Harley Owner's Group (HOG)		80%	20%
Silver Star Recipients		80%	20%
Bronze Star Recipients		80%	20%
Share the Road		80%	20%
Technology		80%	20%
Tennessee Valley Authority 70 th Anniversary		80%	20%
		<u>Tennessee Arts Commission</u>	<u>State Highway Fund</u>
		<u>50% Distribution</u>	<u>(1)</u>
New Specialty Earmarked Plates			
City of Oak Ridge	Oak Ridge Public Schools Education Foundation	40%	10%
Civil Rights	National Civil Rights Museum in Memphis, Tennessee	40%	10%
Eagle Foundation	Eagle Foundation	40%	10%
East Tennessee Children's Hospital	East Tennessee Children's Hospital	40%	10%
Friends of the Big South Fork National River and Recreation Area	Friends of the Big South Fork National River and Recreation Area, Inc.	40%	10%
Kiwanis International	Kiwanis International	40%	10%
Memphis Grizzlies	Memphis Grizzlies (2)	40%	10%
Memphis Redbirds	Memphis Redbirds Foundation (STRIPES, Sports Teams Returning In the Public Education System)	40%	10%
Memphis Zoo	Memphis Zoological Society	40%	10%
Memphis and Shelby County Humane Society	Memphis and Shelby County Humane Society	40%	10%
Nashville Predators	Predators Foundation (3)	40%	10%
Nashville Zoo at Grassmere	Nashville Zoo at Grassmere	40%	10%

Appendix C

Specialty Plate Fee Allocations Newly Authorized Cultural and New Specialty Earmarked License Plates (Con't.)

	Distribution		
	<u>Agency/Fund 50% Distribution</u>	<u>Tennessee Arts Commission (1)</u>	<u>State Highway Fund</u>
New Specialty Earmarked Plates			
Proud to Be an American	To schools that have failed to attain the student performance standards mandated by Title 49, Chapter 1, Part 6, and are on probation per <i>TCA</i> 49-1-602	40%	10%
Public Television	Tennessee Public Television Council	40%	10%
Retired Firefighters	Fire Museum of Memphis	40%	10%
Rocky Mountain Elk Foundation	Rocky Mountain Elk Foundation	40%	10%
Ruritan National	Ruritan National Foundation	40%	10%
Sons of Confederate Veterans	Tennessee Division of Sons of Confederate Veterans	40%	10%
State Parks	Division of State Parks	40%	10%
Tennessee State Guard	Tennessee State Guard	40%	10%
Tennessee Titans	Tennessee Titans Foundation (4)	40%	10%
Title VI	Tennessee Title VI Compliance Commission	40%	10%
United For America	Tennessee Emergency Management Agency	40%	10%
Vanderbilt Children's Hospital	Vanderbilt Children's Hospital	40%	10%

Notes:

(1) 1/3 to urban counties and 2/3 to rural counties

(2) Net allocated to the Memphis Grizzlies Foundation to be distributed equally among the following organizations:

1. Grizzlies Bridges
2. Camp Discovery
3. Memphis College of Art Scholarship Fund
4. St. Jude's Children's Research Hospital
5. National Civil Rights Museum
6. Memphis Zoo

(3) Net allocated to the Predators Foundation to be distributed equally among the following organizations:

1. Tennessee Sled Hockey Association
2. PENCIL Foundation
3. Camp Discovery
4. Nashville Humane Society
5. Vanderbilt Children's Hospital
6. Nashville Zoo

(4) Net allocated to the Tennessee Titans Foundation to be distributed equally among the following organizations:

- | | |
|------------------------------------|--|
| 1. Camp Discovery | 6. St. Jude's Children's Research Hospital |
| 2. Jason Foundation | 7. Vanderbilt Children's Hospital |
| 3. Boy Scouts of Tennessee | 8. Baptist Hospital Maternity/Birthing Center |
| 4. Girl Scouts of Tennessee | 9. Tennessee State University Scholarship Fund |
| 5. Boys & Girls Clubs of Tennessee | 10. Fisk University Scholarship Fund |

Appendix D

Comments from County Clerks' Offices County Clerk Offices Visited

<u>County</u>	<u>Grand Division</u>	<u>Population</u>
Small Counties: Populations Under 25,000		
Clay	Middle	7,976
DeKalb	Middle	17,423
Humphreys	Middle	17,929
Lake	West	7,954
Trousdale	Middle	7,259
Medium-Sized Counties: Populations Between 25,000 and 100,000		
Carroll	West	29,475
Giles	Middle	28,191
Madison	West	91,837
Sevier	East	71,170
Weakley	West	34,895
Large Counties: Populations Over 100,000		
Blount	East	105,823
Davidson	Middle	569,891
Knox	East	382,032
Hamilton	East	307,896
Shelby	West	897,472

Source: U.S. Department of Commerce, Bureau of the Census, 2000 Census of Population and Housing, Public Law 94-171 File, Tennessee, March 22, 2001.

Appendix D (Cont.)

Comments From County Clerks' Offices

Blount County

The county clerk indicated that it is difficult to specify how much time is dedicated to issuing license plates or renewals. In addition to title and registration of motor vehicles, both passenger and commercial, the county clerk's office issues marriage licenses, business licenses, etc. The county clerk stated that the actual cost of issuing and storing plates has never been considered by his office but felt the \$2.50 does cover the expenses. The county clerk estimated the cost of labor for issuing license plates is about \$429,893.

The office does not incur a significant inventory cost because the county clerk's office is located in the courthouse and does not have to pay rent. There is a branch office in the Foothills Mall, and plates are stored there. But the mall does not charge rent for the office space because of the large number of individuals who come to that location and then shop at the stores. The mall office accounts for about one-half of the county clerk's business. The county clerk estimated that his office has about 100,000 plates in inventory and said that he tries to keep as many specialty plates on hand as possible.

The county clerk mentioned several problems with personalized plates. If the Department of Safety sends a letter telling an individual to pick up a personalized plate on the 25th of the month and the plate does not come in until after the 25th, staff have to spend additional time with the individual. Staff also have to spend additional time handling personalized plates that TRICOR prints incorrectly. Finally, when personalized plates are not picked up, the county clerk is required to hold them for one year in his inventory.

Carroll County

The county clerk had not previously considered the cost to issue license plates. She believed, however, that for regular license plates, the \$2.50 covers the costs associated with issuance, but for specialty plates, it does not. Specialty plates take a lot of time because the customers are called individually when their plates arrive. Specialty plates must be reordered more often, and the person responsible for Carroll County's inventory must keep a separate inventory for specialty plates.

According to the county clerk, her total salaries are about \$124,452, and her staff spend about 65% of their time issuing license plates. Therefore, the estimated labor cost of issuing license plates would be about \$80,894.

The county clerk indicated that at the current location, there are no problems with storage of license plates. However, before they moved to this space from the courthouse, they had trouble storing the 1,500 to 2,000 plates they keep in stock.

Clay County

Since the cost of issuing and storing license plates has not been analyzed before, the county clerk was not sure if \$2.50 was adequate to cover the costs.

The clerk's office has one full-time employee (37.5 hours per week) and one part-time employee (16 hours per week). She estimated that they spend about 90% of their time dealing with license plates. Office salary and wages were about \$70,000 annually; therefore, the estimated labor cost of issuing license plates would be about \$63,000 annually.

The clerk made the following analysis of license plate storage costs:

Inventory Cost:

Building square footage	=	1,800 sq. ft.
Storage space (15' x 20')	=	300 sq. ft.
Storage		17%
Rent		\$650.00 per month
Storage cost per month	=	\$110 per month
Annual storage cost	=	\$1,320

The county clerk maintains a manual record of the license plates in inventory. When the county receives the plate, the number is entered into a ledger book. When the plate is issued, staff enter the license number into the computer. The county clerk said there is not a problem with the number of specialty plates and that the office orders them on an as-needed basis. There are few personalized plates issued in Clay County. The University of Tennessee plate is the most popular specialty plate.

Davidson County

The county clerk's office had not considered the cost of issuing license plates. Staff indicated, however, that the \$2.50 the clerk's office receives is not adequate to keep up with payroll requirements.

Staff in the county clerk's office indicated that the annual salaries and wages for motor vehicle clerks, phone operators, and inventory clerks total about \$1,201,249. The amount of time that the staff spend issuing license plates ranges from about 65% to 90%.

The motor vehicle clerks who issue license plates spend 90% of their time doing this particular job. The time involved includes answering questions over the telephone, completing the transaction of issuing a plate (whether regular issue or specialty plates), spending time helping customers to review the plates available and make a decision, and explaining why fees

have increased. Staff also spend time determining whether an individual is eligible to purchase certain cultural plates that require membership or have special restrictions.

There is not a cost associated with storage of the license plates because the storage is located on site and metro government provides the office space. The clerk's office maintains an inventory of 150 to 250 of the more popular specialty plates and from 5 to 100 of the less popular plates.

DeKalb County

The county clerk's office staff indicated that the cost of issuing license plates and the cost of storage had never been considered. The county clerk indicated, however, that the \$2.50 the office receives from registration fees is not enough for his office. The fee is used to pay staff wages and does not allow for cost-of-living increases. It has not been increased in about nine years.

The county clerk has just recently been elected so the office staff helped in estimating the cost of issuing license plates. It was estimated that the four staff members in the office, including the county clerk, spend about 90% of their time issuing license plates. The office's salaries and wages are about \$98,000 annually, and the estimated labor costs of issuing license plates are about \$88,200.

The county clerk estimated that there were about 2,600 plates in inventory. His office keeps about 25 of the most popular specialty plates. The county clerk's office is located in the courthouse, and there are no identified costs of storing the plates. Problems associated with personalized plates are minimal since relatively few such plates have been issued in DeKalb County.

Extra time associated with specialty tags includes the amount of time the customer uses in selecting a plate. The county clerk mentioned that there is not enough information or guidance about issuing specialty plates. Some plates have restrictions concerning who can order them. An example would be obtaining authorization to issue emergency plates (e.g., for volunteer firefighters) or military plates. He indicated that counties have different processes and there is little uniformity.

Giles County

The county clerk indicated that the \$2.50 fee is used to pay staff salaries. The clerk's office has not considered costs associated with issuing license plates, but the clerk estimates that office staff spend about 90% of their time issuing license plates. The county clerk indicated that the office salaries and wages are about \$139,644 annually. Therefore, the estimated labor cost of issuing license plates is approximately \$125,680.

Since the clerk's office is located in the county courthouse and does not pay for office space, the county clerk indicated that her office does not have any additional costs for storing license plates.

The county clerk said that issuing specialty plates requires additional time. Some of the extra time results from individuals having to trade in plates when they purchase a specialty plate. The emergency specialty plates (i.e., volunteer firefighters, emergency, etc.) require extra time because the staff has to verify that the customer is eligible for the plate (especially after September 11, 2001). Customers wanting to purchase military plates also require extra staff time.

The county clerk keeps about 50 specialty plates on display for the customer to choose from, and the military plates are the most popular in Giles County.

Hamilton County

The county clerk uses the \$2.50 fee to pay office salaries. He indicated that the fee for registrations has not been increased for a long time and has not kept up with the increase in labor costs.

The county clerk stated that the annual salaries and wages for both the courthouse and branch office locations are about \$1,835,871, and the estimated annual labor cost of issuing license plates would be about \$1,652,284.

Issuing specialty plates involves additional time that is not required when issuing a regular license plate. When a customer wants an emergency tag (e.g., volunteer firefighters), the office must send a fax to Nashville, and it takes about 24 hours to get a response to authorize issuing the plate. The customer must come back again to receive the plate, which takes additional staff time. While a regular license plate renewal takes about two to five minutes, issuing a specialty plate takes five to ten minutes. There are about 15 specialty plates with eligibility requirements (e.g., fraternity, sorority, Fraternal Order of Police, Ducks Unlimited, etc.). About 90% of the customers do not bring the proper identification with them and must come back again before the license plate can be issued.

Staff provided a detailed description of the process to issue regular, specialty, and personalized plates:

Process to issue a regular plate:

The county clerk and staff indicated that it takes about 20 minutes to review information required to issue a title and enter that information into the computer. The information reviewed includes whether there is a lien on the vehicle, signatures, odometer reading, Vehicle Identification Number, verifying the value of the vehicle if not purchased from a dealership, and calculating the sales tax. It takes an additional five to seven minutes to

collect the appropriate fees, put on the decal, and verify the check with a bank. Thus, the total time to issue a new plate is about 25 to 30 minutes.

The county clerk staff spends about five to seven minutes to renew a license plate since the first part of the process is not necessary.

Process to issue a specialty plate:

When the county clerk staff issues a new specialty plate, the 20-minute process mentioned above still occurs. Staff indicated that additional time is required because often, the individual is not sure which specialty plate he/she desires. The staff indicated that this can take up to 10 to 15 minutes because the staff has to physically get the plate from inventory if there is not adequate space to display the different types of specialty plates available. Often the individual does not realize that the prior license plate must be turned back in, and thus there is time involved (about five to ten minutes) waiting while the customer takes the plate off the vehicle (more time is involved if the individual did not drive that vehicle to the clerk's office).

Some of the specialty plates have restrictions as to who can or cannot purchase that particular plate. Staff indicated that about 90% of the individuals do not have proper identification (such as a member of a particular organization like Ducks Unlimited), and the office has to send a fax to receive approval. The response usually takes about 24 hours and time must be spent with the individual again when he/she returns. This adds about 10 to 20 minutes to the process of issuing a specialty license plate.

The total time to issue a specialty plate is about 45 minutes to one hour. A renewal of a specialty plate is similar to the renewal of a regular plate and takes about five to seven minutes.

Process to issue a personalized plate:

An individual must fill out a request and mail the form and personalization fee to the Department of Safety, Title & Registration Section, to order a personalized regular or specialty license plate. The department sends a letter to the individual informing the individual to pick up the license plate at the county clerk's office on the 25th of the month. The county clerk staff indicated that about 10% to 15% of the personalized license plates are not delivered by the 25th of the month. Also, if TRICOR makes an error on the personalized plate, the plate must be sent back to TRICOR, and if the license plate is about to expire, the clerk must issue a license decal and then adjust the fees when the personalized plate is returned to the county clerk's office. Another problem that was mentioned is that the personalized plates are usually sent to the courthouse. In some counties, the county clerk has branch offices, and individuals come to the branch office assuming the plate will be there.

Staff indicated that it takes about five to seven minutes to issue a personalized plate but may require more than one visit to complete the transaction.

The county clerk indicated that there is additional cost for license plate storage. The clerk's office pays about \$50,075 annually for salaries, payment for security, and upkeep for the security system. Additional staff time is used to enter license plate information into the computer. Whenever license plates are delivered unexpectedly, the inventory director has to work overtime. Additional time is also required for discontinued plates since the clerk's office must hold onto discontinued plates for one year in case an individual needs a replacement. Extra time is required to keep the office staff up-to-date concerning which plates have been discontinued.

A final concern raised by the county clerk is that, since the state began to send out renewal reminders in the 8½ x 11 format versus the four-part format, the renewal process is noticeably more complicated and involved. At the point of sale, a renewal transaction used to be a matter of validating a preprinted renewal form and collecting the appropriate fee. With the "simple" change in the form mailed by the state, the point-of-sale transaction is much more like a regular title application involving data entry and producing the final registration form. The change in the nature of the job affects the county clerk's operations in two major areas:

1. The basic job moves from being an easy entry-level position, which requires very little training, to a job that requires more computer skills and the corresponding training.
2. The average length for a renewal transaction is increased, which places pressure on the county clerk's office to provide additional personnel to maintain the level of service expected and deserved by the motoring public. The renewal process changed from a "batch" system to a "keying" system. Whereas the state used to key information from batches, now clerks must do the keying.

County clerk staff interviewed in the other counties indicated that they do not keep the laser-printed form. The staff throws it away and still must print out the four-page carbon form. The staff would prefer that the state mail out the four-page carbon form because it would require less time when renewing a license.

Humphreys County

The county clerk could not estimate her labor or other costs for issuing plates because this is not the only function her staff perform. The \$2.50 that the county keeps from the issuance of license plates goes to the county trustee's office, and that office keeps track of cost information.

The county clerk did not indicate any specific problems with issuing plates except for all of the different codes for license plates. She stated that these should be simplified or the plate description should be simplified. The clerk's office cannot keep all plates in inventory but does keep some inventory of the most popular plates. There is only one secured room for plate storage. If she gets an order for a plate that she does not have in inventory, all she has to do is

place an order, and she can have the plate in 7 to 10 days. Personalized plates must be ordered six weeks prior to the registration expiration date.

Knox County

The county clerk stated that he had never attempted to estimate his office's cost of issuing and storing license plates. Since his office has a variety of duties to perform (i.e., issuing license plates, business licenses, marriage licenses, etc.), he did not have an estimate of the time that is spent issuing license plates. He believes, however, that the \$2.50 his office receives from the registration fee is not adequate to cover his office's expenses. He indicated that this fee is used to pay his staff and has not been increased in about nine years. This makes it difficult for him to provide cost-of-living increases for his staff each year (usually about 2% to 3% annually).

The county clerk's staff spend a lot of extra time with people who choose to purchase a specialty plate. Staff members are busy with such customers while they decide which plate they want. If the customer is purchasing a specialty plate for the first time or is switching back to a regular issue plate, the plate must be removed from the vehicle and turned back in to the clerk's office. If the customer is not in the vehicle that the tag is for, the customer must come back with the vehicle tag, requiring additional staff time.

TRICOR errors increase the time the county clerk's staff must spend issuing personalized plates. If TRICOR makes a mistake on a personalized plate, staff have to return the plate to TRICOR and then spend time with the customer, who has to return to the office to pick up the corrected plate. If TRICOR sends the personalized plate to the wrong county, staff must take time to locate the plate, arrange for it to be sent to the correct county, and then spend time with the customer on his or her return to the office.

The county clerk said that he has five locations in Knox County and keeps an inventory of plates at each location. The plates are delivered to the courthouse in Knoxville and then transported to the different locations, incurring some transportation cost, but he did not have an estimate.

Lake County

The county clerk stated that the state furnishes the computer, printer, and forms and that the \$2.50 probably does cover her expenses for issuing a license plate.

The county clerk employs one full-time staff person, one part-time staff person, and herself. She stated that since she does not keep track of her cost information regarding issuing license plates, it would be difficult to estimate her total cost. Salaries and wages for this office total about \$63,000 and the duties of issuing license plates are shared between the clerk and her

two staff people. Since about two-thirds of their time is spent issuing license plates, the estimated labor costs for issuing license plates would be about \$42,210 annually.

The county clerk said that she could not estimate an inventory cost. The only problem with inventory storage is that the state does not come to pick up plates turned in for exchange and old license plates turned in after a new issue.

Madison County

Because he has never done a study to see what is involved in the issuance of plates and has never had a need to look at this information, the county clerk indicated that he could not estimate his management or labor costs for issuing plates. Other than monthly salaries, the county clerk stated that he does not keep track of his cost information. The county clerk indicated, however, that the \$2.50 does cover his costs to issue license plates because he turns in excess fees all the time. He stated that specialty license plates are “a hassle to fool with” but they do not cost more to issue than the regular license plates.

The office’s annual salaries and wages are about \$307,304. (Most of the county clerks indicated that 90% of the staff time is dedicated to issuing license plates. Therefore, an estimated labor cost of issuing license plates would be \$276,574.)

The county clerk stated that he has no problems with storage space for his inventory and keeps from 6,000 to 8,000 plates in inventory at any given time.

Sevier County

The county clerk tried to estimate his labor costs by keeping track of a 12-day period. From the numbers provided, if the labor costs were expanded to a complete year, the estimated labor costs would be about \$3,570.

So that his office can provide the individual’s choice upon request, the county clerk indicated that his office tries to keep a sample of all the specialty plates available. If his office runs out of a particular plate, the staff will contact the county clerk’s office in Knox County, which keeps a larger inventory of plates. The plates are stored in a county facility, and his office does not incur any special inventory storage costs.

The county clerk mentioned one problem with the personalized plates. While the individual is told by the Department of Safety to pick up the plate on the 25th at the county clerk’s office, the plates usually do not arrive by the 25th. Thus, the office staff must spend extra time when that particular individual returns to pick up the plate.

The county clerk mentioned that he would like to see the county clerk’s fee raised from \$2.50 to \$3.50 but provided no support for that increase.

Shelby County

Because the legislation passed in 1994 to raise the county clerks' fees to \$2.50 excluded Shelby County, the county only gets to keep \$1.50 for issuing or renewing a license plate. The Shelby County clerk's office also collects fees for the cities of Memphis, Bartlett, Germantown, Collierville, and Millington. The office keeps 5% of the revenues from the cities' and Shelby County's wheel/privilege tax.

The Shelby County clerk's office employs 100 people, but not all of them are dedicated to issuing license plates. All cost information is submitted to the county clerk's office from the county in the form of a report each month. Office salaries and wages total about \$1,123,276 annually.

According to the clerk's staff, having so many different types of plates creates problems. Shelby County has 10 offices in addition to the downtown location and keeps inventory at all 11 locations. When information about plates is changed or plates are discontinued, this information must be changed in the computer system. A systems analyst dedicated to making changes in their computer system is paid by Shelby County and is in contact with the clerk's staff on a daily basis.

The county clerk indicated that there are no problems with inventory. In some of the branches, there are problems with storage, but the storage space in the larger branches makes up for the space in the smaller branches. The county has given the county clerk a warehouse for license plates near the penal farm. The county clerk's office does not pay rent and uses inmates to put the county stickers on the license plates.

Shelby County issues approximately 200 to 250 new personalized plates per month that are not specialty-personalized plates. Specialty plates take up a lot of time. Personalized plates that are ordered but not picked up must be kept and tracked for one year. After that year is up, they are boxed and discarded. The county sends a note to the state detailing the plates that are discarded.

Trousdale County

The county clerk did not have any information about the cost of issuing license plates and stated that the \$2.50 is used to pay part of the salaries and wages in the clerk's office.

With salaries and wages of about \$56,764 annually, and about 90% of staff's time spent issuing license plates, the county clerk estimated that labor costs would equal about \$51,000.

The clerk keeps about 2,000 plates on hand in a filing cabinet located in the office's walk-in safe. Since the office is located in the courthouse, there is no inventory storage cost. The clerk's staff keeps a manual record of the license plate inventory and enters the plate into the computer when it's issued to the customer.

Weakley County

The county clerk said that the \$2.50 fee from vehicle registration is not enough. Although she could not estimate her labor and management costs for issuing plates, she stated that she currently employs five people plus herself, with 85% to 90% of their time dedicated to issuing license plates. One of these individuals serves as a full-time bookkeeper, and four of them are responsible for issuing license plates.

The county clerk said that the office salaries and wages total about \$155,367 annually. Therefore, an estimate for labor costs would be about \$139,830 (if 90% of office time is spent issuing plates).

The county clerk indicated that she has trouble storing her inventory of about 2,000 regular plates. She also keeps a box of 50 firefighter plates but orders specialty plates as needed.